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27 March 1962



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CENTRAL INTELLIGENCE BULLETIN



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USSR-Berlin: Recent public pronouncements by Khrushchev and Ulbricht, [redacted]

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[redacted] suggest that Moscow's current tactical line is to keep contacts with the US alive and to avoid an impasse on Berlin talks on the assumption that the Gromyko-Rusk conversations will open the way for a summit meeting later this year.]

[At the same time, Moscow continues to probe the firmness and limits of the Western position concerning East German sovereignty and control over access to Berlin. In a note delivered by the Soviet Foreign Ministry to the NATO ambassadors in Moscow on 26 March, the East Germans proposed that the NATO countries establish consular relations with East Germany in order to facilitate movement in and out of East Germany and Berlin. The USSR endorsed the proposal in an attached covering letter to the East German note. The timing of the East German proposal--two days before the East German People's Chamber meets to give final approval to a new customs law--suggests that the new legislation may impose new requirements on Western civilian travel to East Berlin and East Germany, including that of West Germans.]

[Several bloc spokesmen, nevertheless, have expressed optimism about a Berlin settlement but have hinted that Gromyko's objective at Geneva is confined to establishing the groundwork for further negotiations and that Khrushchev is holding back now because he wants to gain personal credit for any agreement achieved at a summit meeting.] [redacted]

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Cuba: Raul Castro's appointment on 25 March to the newly created post of deputy premier follows by one day the naming of Fidel and Raul Castro, respectively, as first and second secretary of the ORI and makes Raul second to Fidel in the hierarchy of both the government and the party. Raul retains the post of minister of the Revolutionary Armed Forces.

The appointment of veteran Communist Manuel Luzardo to head the Ministry of Internal Trade makes him responsible for the domestic supply and distribution of consumer goods. Failures in supply and distribution have frequently been mentioned by regime leaders as important factors in creating the problems that required the imposition of the rationing program imposed on 19 March. Luzardo, unlike his predecessor, is a member of the National Directorate of the Integrated Revolutionary Organizations (ORI), the regime's highest policy-making body and the top organ of the country's sole political

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machine. Cuba's ambassador to Moscow, Fauré Chomon, has been recalled to become minister of communications. Chomon was appointed early this month to the ORI National Directorate.

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*France-Algeria: De Gaulle's appeal for full support against the Secret Army Organization (OAS) in his 26 March address, and reported OAS intimation of mass settler action "in the next two days" may point to an early showdown in the Algerian situation. The government's capture of Salan's deputy in Oran, ex-General Jouhaud, on 25 March also creates additional pressure on the OAS to demonstrate its continued capability. The OAS will probably attempt to exploit the "martyr" aspect of the firing by security forces on unarmed settlers in Algiers on 26 March--an incident which French officials there reportedly have described as "tragically alarming." The OAS probably calculates that its only hope of preventing implementation of the Evian accords lies in reversing the trend toward army identification with government policy.

Paris' request that Moscow recall its ambassador because of the USSR's de jure recognition of the provisional Algerian government is echoed in De Gaulle's biting references to the USSR in his speech. The move was probably designed both to serve as a sop to French rightists who oppose De Gaulle's Algerian policy and to re-emphasize his contention that the time is not propitious for fruitful East-West negotiations.

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*Argentina: [President Frondizi's refusal to resign, despite the request by General Aramburu--who has been mediating the]

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Political crisis--has intensified pressure for his ouster. Increasing military impatience denied Aramburu the 10-day period he requested for mediation. He explained that the consensus of the political and military leaders whom he had consulted was that Frondizi must resign to save constitutional order. Only the President's Intransigent Radical party, which controls congress until 1 May, has expressed support for Frondizi.

Since early yesterday, the navy has won additional military support--particularly among army units--for its position that Frondizi must resign or be ousted by force. This support now includes Army Commander in Chief Poggi and a mounting number of army units, thus weakening Army Secretary Fraga's earlier influence against a coup. Although Aramburu's statement implied that all of the armed forces supported Frondizi's immediate resignation, there have been no late reports on the position of the air force, which has been the strongest supporter of the President.

A national deputy of the opposition People's Radical party informed the American Embassy on 26 March that the armed forces would oust Frondizi if he did not resign voluntarily by 27 March. This view has also been expressed by a Peronista leader; he said the Peronista High Command was not overly concerned with Frondizi's plight and believed it could make a better deal negotiating with military leaders.

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[REDACTED]

Communist China - Hong Kong: Peiping is exploiting the dissatisfaction in Hong Kong over the US restrictions on imports of certain Hong Kong - produced textiles. A propaganda campaign against the US action is being conducted in the colony's Communist press, and a Peiping-controlled bank in Hong Kong is reportedly offering textile companies loans said to be no longer available from non-Communist banks in the colony. Peiping may also be willing to buy up some of the textiles not marketable in the US.

[REDACTED]

Hong Kong officials believe that the Communists may attempt to organize anti-American demonstrations in the colony. Police officials have stated that May Day would be the most likely time for such disturbances.

[REDACTED]

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Cyprus: Bomb blasts in two Turkish mosques on Cyprus on 25 March, Greek Independence Day, have revived tensions on the island following several weeks of gradually improving relations between the Greek and Turkish communities.

President Makarios has denounced the bombings as "barbaric acts," and Turkish Cypriot leaders have called on their followers to refrain from street demonstrations or acts of retaliation. Minister of Interior Georgadjis has promised a full investigation, but his former high position in the underground Greek Cypriot organization EOKA makes him suspect to the Turks.

The danger of new incidents between the communities will be further increased during the forthcoming seventh anniversary celebration by Greek Cypriots of the opening of the EOKA campaign of violence against the British on 1 April 1955.

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25X1 Western Europe: Despite concessions made by the French at the EEC foreign ministers' meeting last week, the six Common Market (EEC) countries remain deadlocked on the treaty to establish a European political union. [redacted]

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25X1 [redacted] Belgium's Foreign Minister Spaak took the lead in demanding additional guarantees that the union evolve along federalist lines and that the pre-eminence of the EEC and NATO in economic and defense matters be explicitly recognized. Spaak's position reflects his increasing suspicion--shared by other EEC countries and particularly by the Dutch--that the political union in the form proposed by France would lend itself to De Gaulle's aspirations to organize the six under French political and military domination. [redacted]

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25X1 *Syria: [redacted] The Syrian army command has intervened and forced the resignation of the weak Dawalibi cabinet on 26 March, [redacted]

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25X1 [redacted] Said al-Ghazzi, a lawyer and a political neutral, has been asked by President Qudsi to form a new cabinet. The 67-year-old Ghazzi, who has been a minister several times, led a caretaker cabinet during the 1954 parliamentary elections when Syrian political factions could not agree on a prime minister. During the past several days the army command is said to have pressured Qudsi to dissolve parliament and rule by presidential decree. Ghazzi may be a compromise candidate for premier and acceptable to Syrian political leaders and contending army factions. A Ghazzi cabinet is likely to be weak and susceptible to army influence. The cabinet change is unlikely to alter the belligerent Syrian attitude toward Israel. [redacted]

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Bloc Tactics Aimed at Summit Meeting on Berlin

Ulbricht's speech published on 23 March broached the concept of a four-power "arbitration agency" which would be charged with ensuring access to and from West Berlin as part of a broader Berlin settlement. Although this proposal presupposes East German rather than international control over Western access, Ulbricht sought to make the scheme more attractive by stating that the GDR "deems it possible" to accept recommendations on access arrangements from the four guarantor powers or from an "appropriate UN institution."

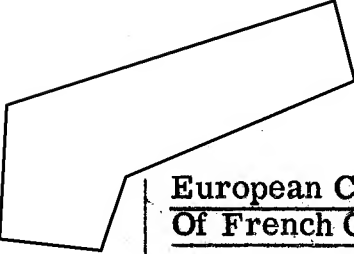
The bloc leaders probably conceived this approach, which would provide only a facade of international authority over access, as a means of appearing responsive to US views on access and of testing prospects for gaining Western concessions on this issue. Ulbricht, however, echoed Khrushchev's speech of 16 March in emphasizing that any Berlin settlement must include not only access guarantees but also "normalization" of the West Berlin situation in a manner which would respect and safeguard East German sovereignty and terminate existing Western occupation rights.

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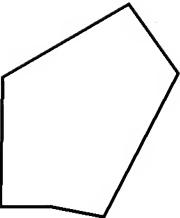
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European Confederation Talks Stalled by Suspicions Of French Objectives

 Substantive discussions at the 20 March meeting centered on the crucial articles setting forth the union's competence in economic and defense affairs and providing for treaty revision after a three-year transitional period. While insisting that the union must be free to consider economic matters, French Foreign Minister Couve de Murville proposed new language ostensibly designed to preserve the integrity of existing EEC institutions. He also suggested that one of the union's objectives would be to strengthen the Atlantic Alliance, and he offered a new clause stating that treaty revision should aim at strengthening the union's institutions and broadening its democratic procedures.

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Conciliatory in intent and apparently acceptable at least in part to the West Germans, the new French position nevertheless encountered sharp objections from most of the other ministers. Most of them wanted further protection of the prerogatives of the EEC, and all five agreed that the new clause proposed by Couve was still too vague as to the objectives of treaty revision--i.e., the institution of majority decisions and the popular election of a European assembly. On the subject of defense, Spaak was particularly vehement, declaring that the French proposals seemed to assume that creation of the union would "automatically" strengthen NATO--which he was by no means certain would be the case.

While the foreign ministers are scheduled to meet again on the treaty on 17 April, prospects for agreement are poor so long as basic suspicions among the EEC countries of De Gaulle's policies continue. These suspicions include the fear that the French may still find a basis for excluding Britain from the EEC--and hence from the proposed political union--and the feeling that De Gaulle views the union as a means of creating a political-economic-military bloc dominated by Paris. As Spaak declared at the ministerial meeting, in which he cited the widely diverging views of

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France from the other five on so crucial an area as NATO, he believes the six should first demonstrate their ability to reach an identity of views on key issues of common interest before attempting to institutionalize their political cooperation.

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